Europe needs a Competitive Energy Intensive Industry

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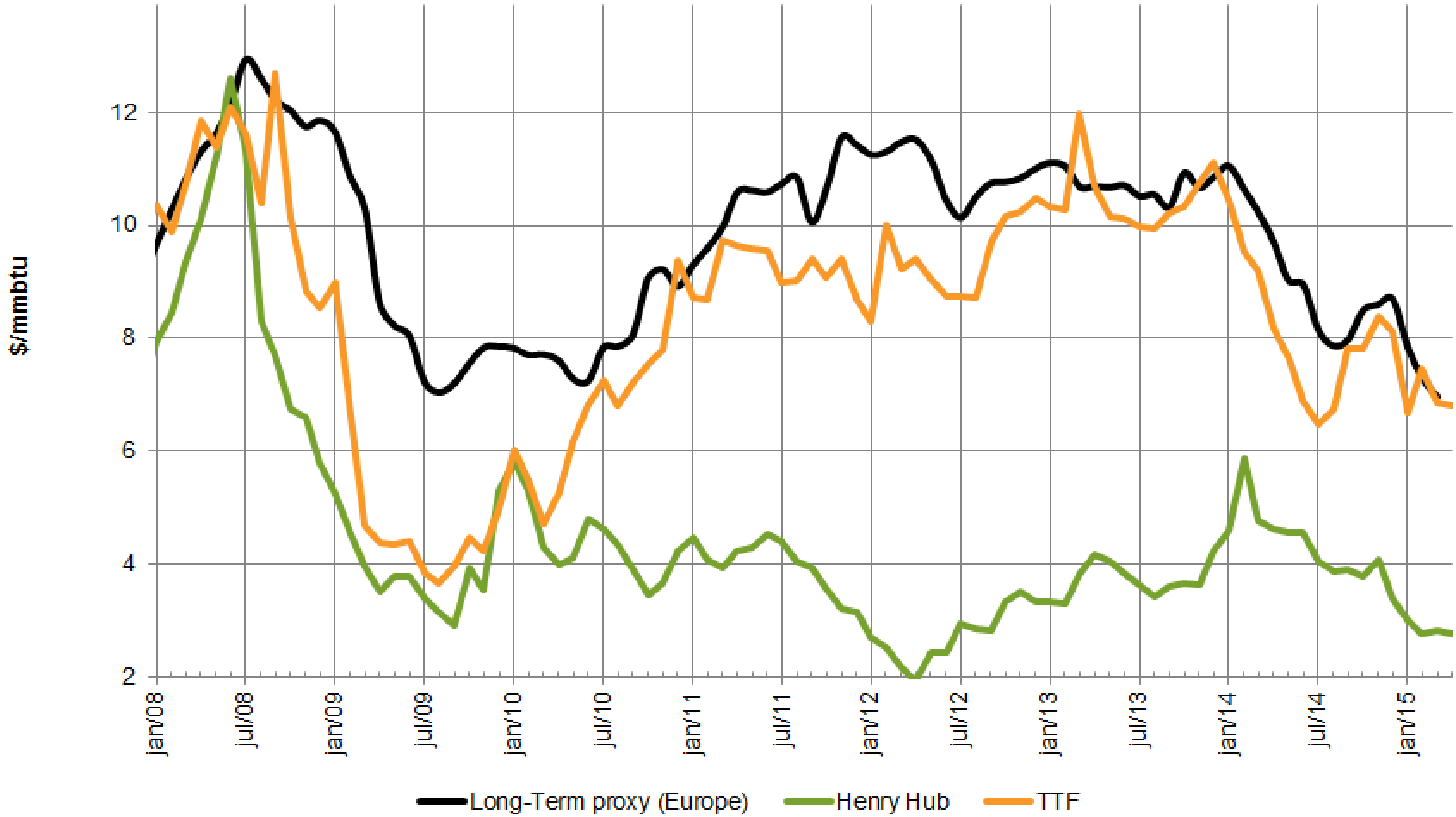
Gas Prices Development



Source: IHS Cera

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Member States should not Introduce Taxes on Gas

- European industry pays significantly more for gas than what is the case in U.S.
- European industry is exposed for global competition.
- The price decrease of gas in Europe should not be an opportunity for Member States to create new taxes & surcharges for industry.
- More taxes and surcharges will lead to closure of industrial operations and job losses in Europe.

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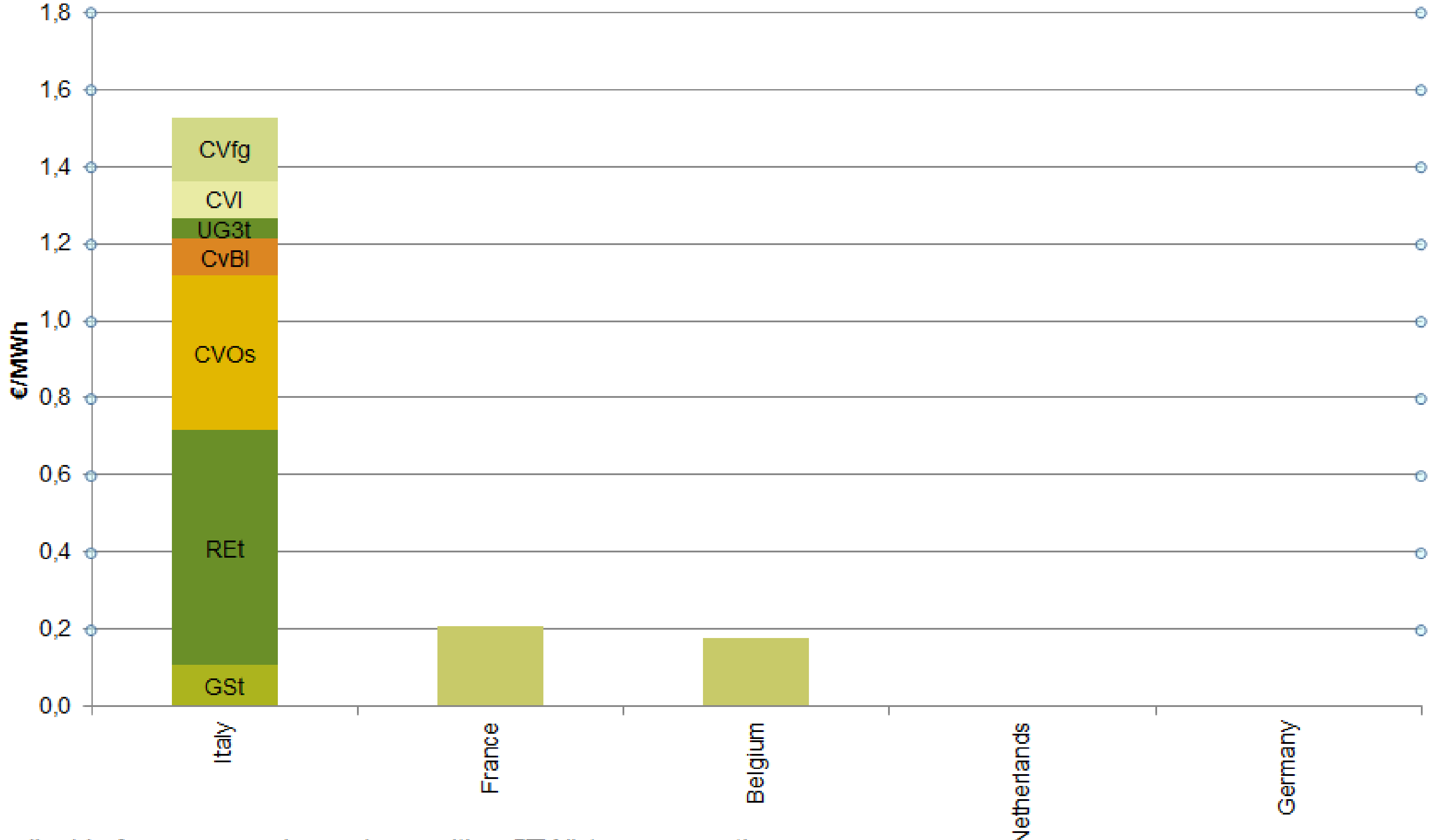
Taxes and Surcharges on Natural Gas



Applicable for an ammonia producer with a 5TWh/yr consumption

Common Purchasing of Gas in EU

- Donald Tusk (Former Prime Minister in Poland) 21.4.2014:
  - «First, Europe should develop a mechanism for jointly negotiating energy contracts with Russia»
  - «I therefore propose an Energy Union»
- Draft Strategic Paper on Energy Union Dec. 2014:
  - «Exploring ways to increase EU bargaining power towards third country suppliers such as voluntary common purchasing of gas, while fully respecting competition, internal market and WTO rules»
- Energy Union strategy Paper (25.2.2015):
  - «The Commission will assess options for voluntary demand aggregation mechanisms for collective purchasing of gas during crisis and where Member States are dependent on a single supplier. This needs to be fully compliant with WTO rules and EU competition rules»

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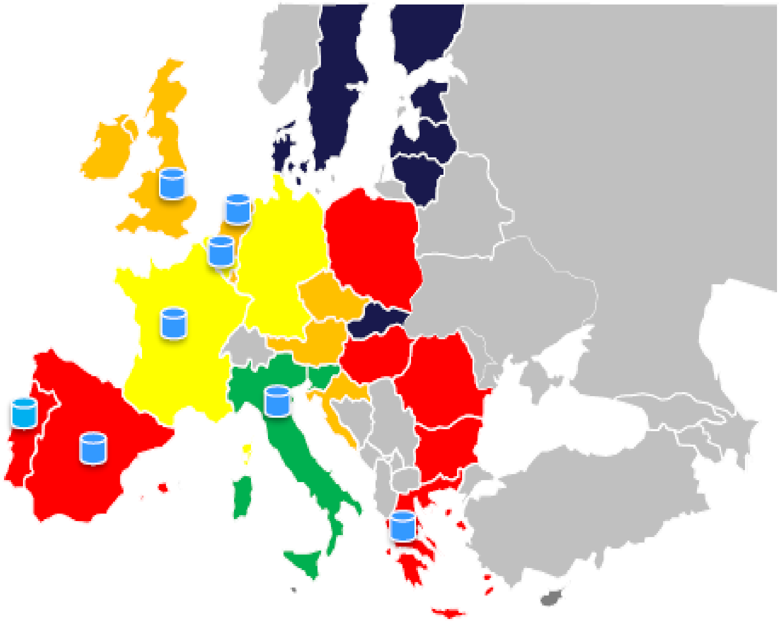
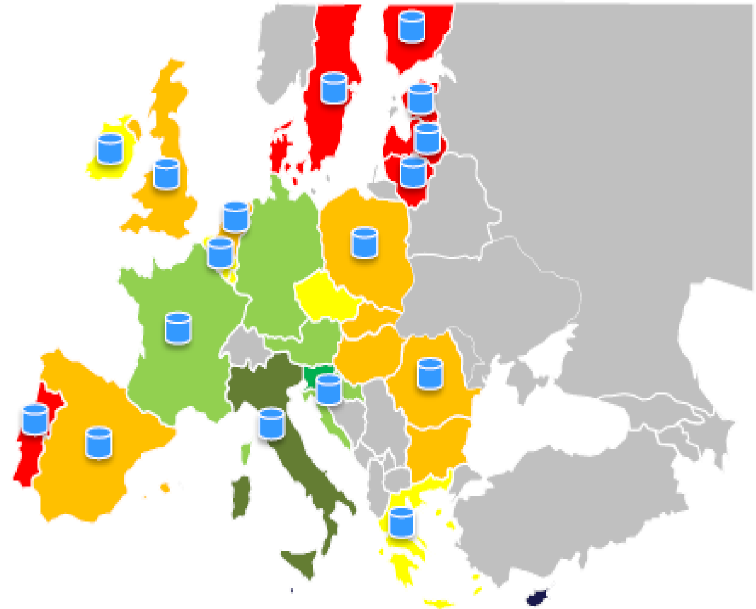
Connecting Gas Markets

NOW



AFTER 2022



Number of supply sources a country may potentially access to through infrastructure (at least 5% share)

1 2 3 4 5 6 7 *Presence of Liquefied Natural Gas Terminal(s)*

Supply Sources: Azerbaijan (new source), Algeria, Libya, Norway, Russia, EU Production, LNG (treated as one source)

Reference year 2013

Source: European Commission

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New Regulation of Security of Supply

- Will replace Regulation No 994/2010 concerning measures to safeguard security of gas supply.

- Member States should cooperate on a regional level in order to increase security of supply in an optimal way to lowest cost.

- Before an investment decision is made, a cost/benefit analysis should be made.

- Demand response mechanism will in many cases be the most cost efficient solution.

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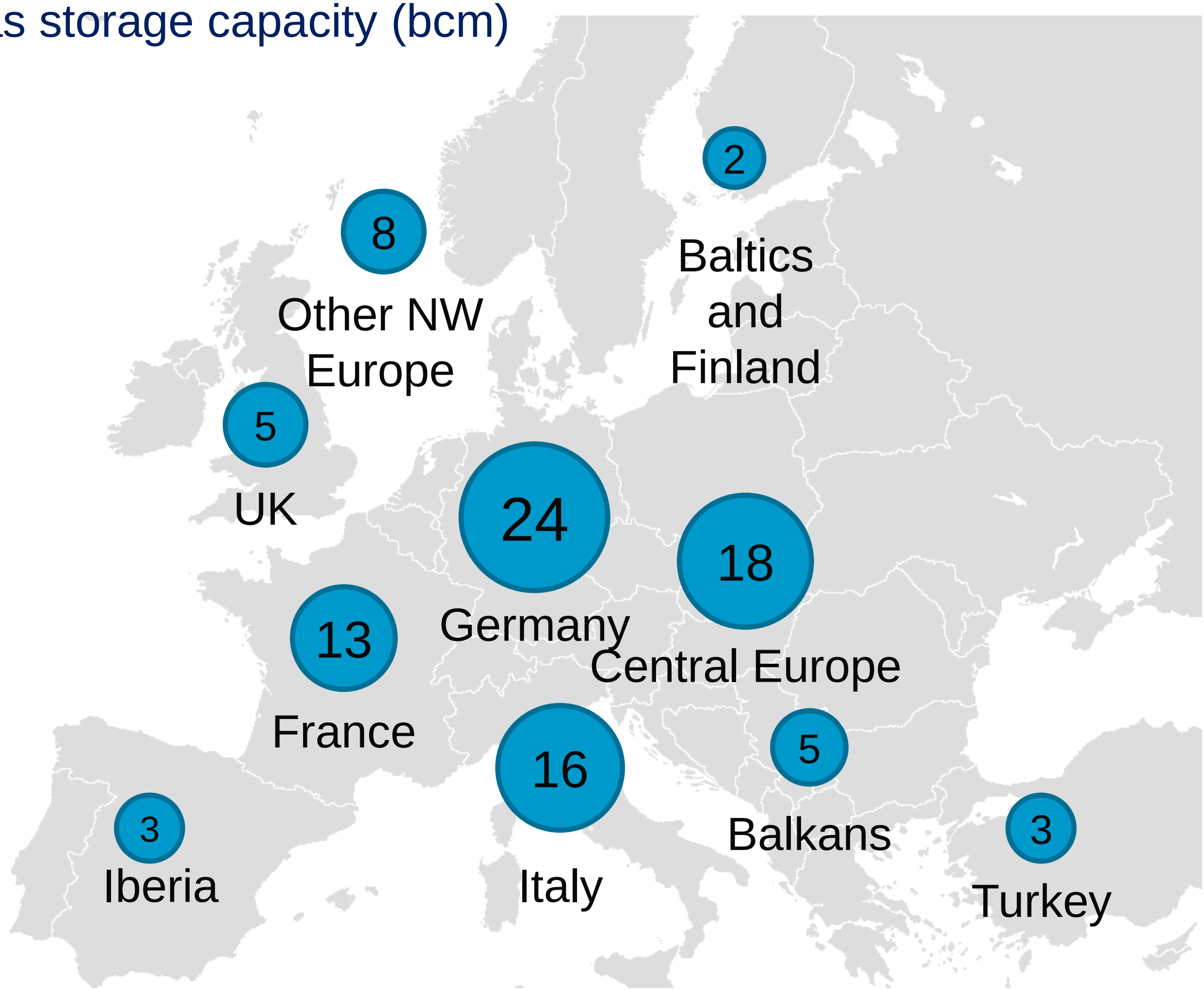
European Storage Capacity

Working gas storage capacity (bcm)



Source: IHS

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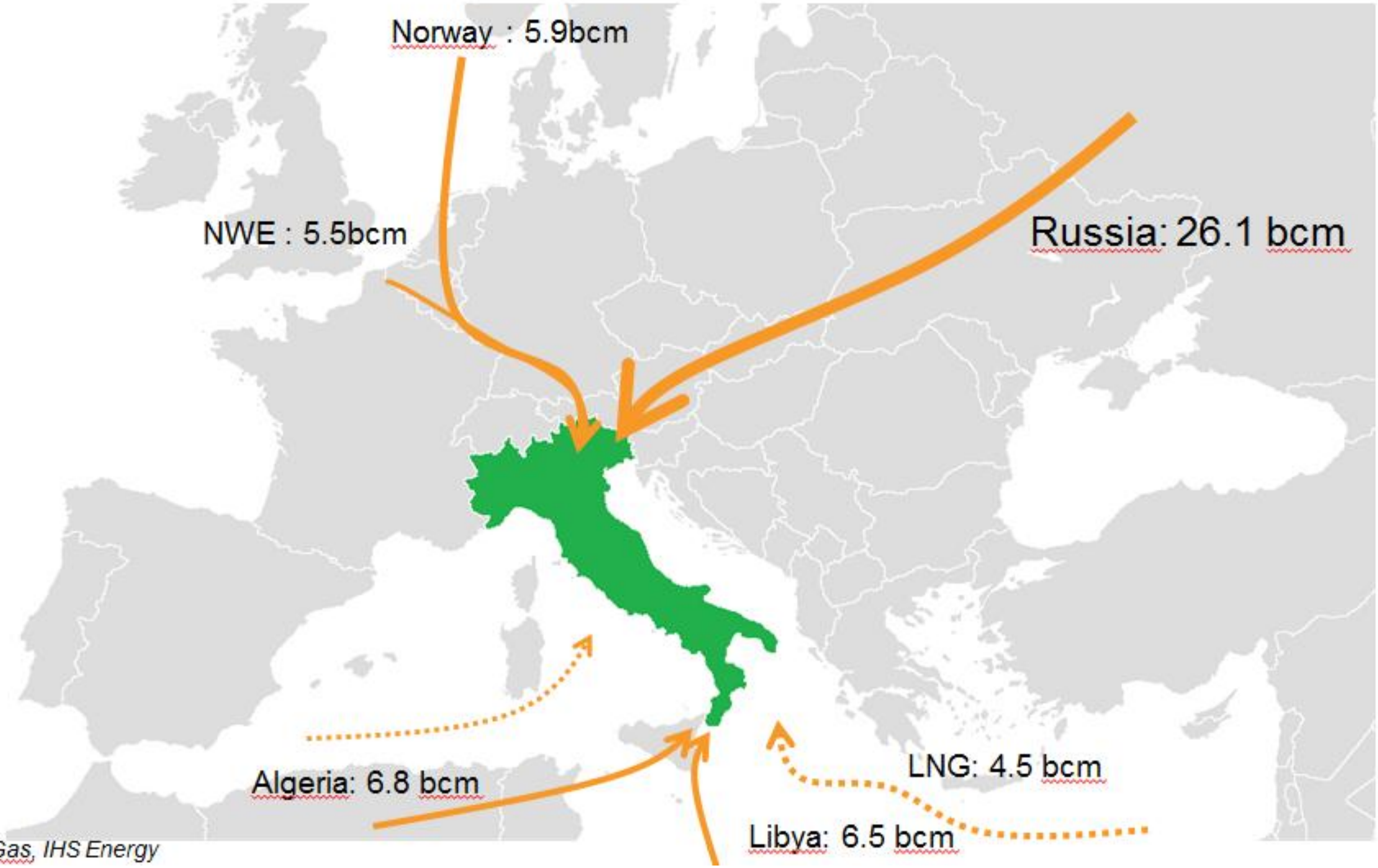
Italian Gas Imports 2014: 55.4bcm



Sources:
Snam Rete Gas, IHS Energy

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Europe needs Diversification of Gas Supplies

- Europe will be dependent on Russian gas in the coming years.
- Southern Corridor should be developed. This will secure gas from new sources (e.g. Iran, Aserbadjan).
- More LNG will enter the market. Existing LNG terminal capacity in Europe is utilised by less than 40%.
- Strategic partnership between EU and Algeria should be developed.
- Diversification of gas supplies increase security of supplies and create more competition.

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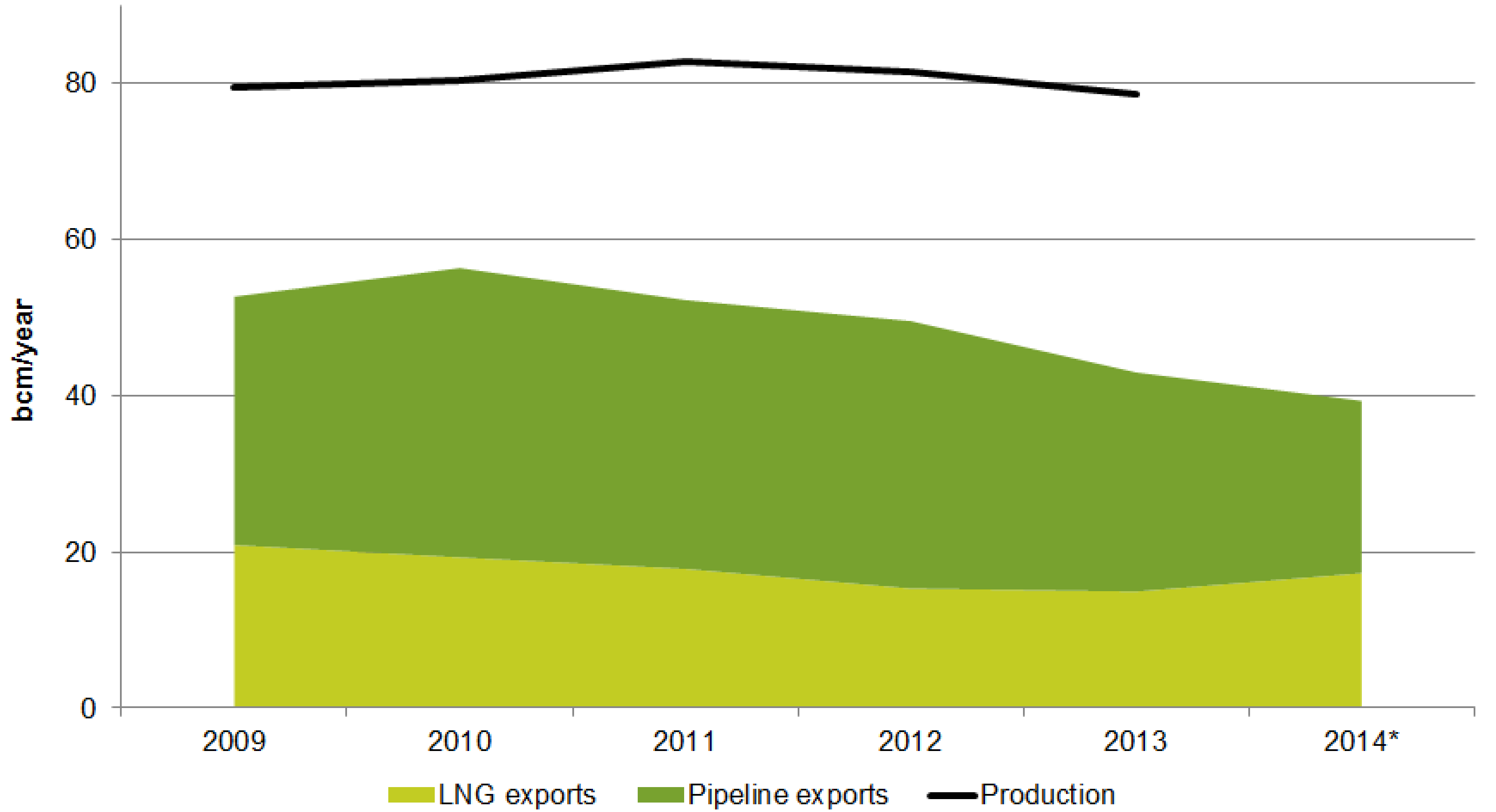
Algerian Gas Balance



Source: BP, IHS Energy. Estimates for 2014

What does the Industry need to have a Sustainable Production in Europe?

- Fast implementation of the 3rd Energy Package.
- Bottlenecks in the transportation systems should be removed.
- More diversification of the gas supplies to Europe.
- Increase the production of both conventional and unconventional gas in Europe.
  - Create more competiton
  - Increase security of supplies
- No taxes and charges on consumption of gas and electricity for industrial consumers.

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